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SUBJECT: SOUTH AFRICA: NOVEMBER 2008 LABOR NOTES

Summary

¶1. This is the November, 2008 issue of the U.S. Consulate Johannesburg's Regional Labor Office monthly notes. Topics in this issue are as follows:

- Skills shortage one cause of concern for South African water quality
 - South African Airways staff opposed to outsourcing
 - Poor management hinders South African skills development programs
 - COSATU aims to influence South African economic policy
 - COSATU affiliates urged to 'invest in ESKOM'
 - COSATU concerned by a rise in unemployment
 - COSATU calls for harsh punishment for companies guilty of price fixing
 - COSATU looking for a more developmental focus in monetary and fiscal policies
 - Vavi urges union federations to unite
 - South African government calls for mines to invest in safety
 - The South African Democratic Teachers Union (SADTU) supports Outcome Based Education (OBE)
 - Stats SA reports that a large number of people with critical skills remain unemployed
 - South African Immigration to Australia and its impact on Skills Shortages
- End summary.

Skills shortage cause of concern for water quality

¶2. Research commissioned by the Development Bank of Southern Africa (DBSA) points to a looming water crisis in South Africa because of a lack of skills. Agricultural and drinking water have the real potential to become unusable as salts, untreated sewerage, industrial effluent, and toxic algae contaminate dams and rivers. To make issues worse, there has been little maintenance or expansion of the nation's aging water infrastructure. The DBSA report stated that the biggest driver of poor water is 'a lack of expertise and skills at municipal level to ensure compliance with water legislation, and a shortage of skilled engineers and qualified professionals at municipal level as well as in water affairs.'

Source: Financial Mail November 28, 2008

South African Airways staff opposed to outsourcing

¶3. Outsourcing remains a contentious issue between beleaguered (and unprofitable) South African Airways and its unions. The South African Transport and Allied Workers Union began a strike on November 29 over the outsourcing of the airline's call centers. The strike action was expected to weigh heavily on SAA operations and on December 1 SAA noted it had reached an agreement with the union that would reverse call-center outsourcing decisions.

Source: Sunday Times November 30, 2008

Poor management hinders South African skills development programs

¶4. A Human Sciences Research Council (HSRC) report said poor management and data collection was the reason South Africa's 23 Sectoral Education and Training Authorities (SETA's) had failed to combat a critical skills shortage. The report speculates that this 'robbed' the Department of Labor an opportunity to show South African business the worth of its statutory \$6 billion annual investment to the SETA campaign. The Transportation SETA was also the victim of a major fraud scheme which depleted the SETA's training budget.

Source: Business Day November 26, 2008

COSATU aims to influence South African economic policy

¶5. The Congress of South Africa Trade Unions (COSATU) is engaged in a major rebranding dubbed 'Walking through the Doors' to strengthen policy expertise and influence economic policy. South African Economist Neil Coleman has been appointed as the coordinator of the project and has established four academic panels to advance policy alternatives in economics, retirement fund reform, and labor market growth. Coleman emphasized that that the ANC would have to shift its policies, especially inflation targeting, to meet goals of increased job creation.

Source: Financial Mail November 21, 2008

COSATU affiliates urged to 'invest in ESKOM'

¶6. COSATU President Sdumo Dlamini has asked COSATU affiliates to consider investing in power utility Eskom. The beleaguered state electricity provider needs to raise at least \$34 billion to implement its capital expansion program and reduce a critical electricity shortage. The South African Government has lent Eskom \$6 billion and COSATU hopes its affiliates can help make up the shortfall by investing in the company. Affiliates have been asked to invest in ESKOM instead of placing pension fund money with brokerage houses and offshore. Dlamini indicated that investing in Eskom will ensure job creation, economic growth, and prevent further electricity price hikes.

Source: Business Day November 28, 2008

COSATU concerned by a rise in unemployment

¶7. COSATU expressed concern that South Africa's unemployment rate rose from 23.1% in the second quarter of 2008 to 23.2% in the third quarter. When coupled with a 0.4% fall in the total number of people employed to 13,655,000, STATS SA figures suggest that 4,122,000 are officially unemployed. COSATU fretted that the small increase sounds alarm bells because it reverses a succession of growth in the South African economy. COSATU said South Africa needs to focus on monetary policies that combat poverty and unemployment and on other socio-economic policies that promote growth, the creation of decent jobs, and the eradication of poverty.

Source: COSATU National Spokesperson Patrick Craven November 01, 2008

COSATU calls for punishment for companies guilty of price fixing

¶8. COSATU has welcomed a court decision to dismiss an application by Clover Industries and Ladysmith Cheese for leave to appeal against a price fixing charge. COSATU agreed with

Judge Denis Davis that any form of price fixing should be rooted out and are pleased to hear that the court will not allow technical arguments to delay the process. The Competition Tribunal will sit on January 19, 2008 to hear charges (including price fixing, abuse of dominance, and fixing trading conditions) against Clover Industries, Parmalat, Ladysmith Cheese, Woodlands Dairies, and Milkwood Dairies. COSATU has long followed this issue and was one of the first to note the possibility of price fixing well before the judicial system took up the cause.

Sources: COSATU National Spokesperson Patrick Craven November 17, 2008

COSATU looking for developmental focus in monetary policy

¶9. COSATU General Secretary Zwelinzima Vavi called for a developmental approach to monetary and fiscal policy noting that 'current monetary policy is to use interest rates as a blunt instrument to achieve a rigid inflation target'. Vavi proposed that South Africa 'develop a policy, which uses multiple tools to combat excessive inflation, while promoting employment and growth.' Vavi stressed the need for a basic income grant and said that everyone should enjoy income support as a right and that no person should fall through the cracks. COSATU has intensified pressure on ANC leadership to implement socially friendly policies.

Source: ABSA Capital SA Morning Market Search November 06, 2008

Vavi urges union federations to unite

¶10. COSATU General Secretary Zwelinzima Vavi attempted to mend a long-standing split by addressing the Federation of Unions of South Africa (FEDUSA) for the first time. In his November 6 address, Vavi urged unions to stand together against 'unscrupulous politicians' adding that 'only unscrupulous politicians hell-bent to use our divisions in order to use us against one another for their selfish political ends stand to benefit from disunity.' He defended COSATU's alliance with the ANC by saying it was the only way to ensure that labor wielded the power it deserved. Vavi hoped that a new ANC government would allow the union movement to reach its full potential and asked FEDUSA to unite with COSATU in a 'black Christmas' campaign to highlight the financial struggles of workers.

Source: The Star November 07, 2008

South African government calls for mines to invest in safety

¶11. The Mine Safety Commission has concluded that mine fatalities remain unacceptably high despite a reduction in annual fatalities from 742 in 1994 to 220 in 2007. The South African government is considering new legislation that would subject company executives to prison and hefty fines if violations continue. The National Union of Mineworkers is lobbying hard for South Africa to adapt the proposed legislation with criminal culpability while mine owners remain opposed. Anglo Gold commented that 'we all need to work together on safety and not against each other with threats; if they make laws too onerous skilled people will leave the industry.'

Source: Times November 20, 2008

Teachers Union (SADTU) supports Outcome Based Education (OBE)

¶12. The teachers union has publicly declared support for Education Minister Naledi Pandor on Outcome Based Education (OBE). General Secretary of SADTU Thulas Nxesi stated that the union would resist increasingly prominent critiques that call for OBE to be scrapped. They believe OBE is the best model when teachers are supported with appropriate textbooks, professional

development, and resources from district officials.

Source: Business Day November 24, 2008

Stats SA reports people with critical skills remain unemployed

¶13. The latest figures from Stats SA illustrate that the ranks of the jobless include a large number of people with critical skills and previous work experience. Government does not categorize discouraged job seekers as unemployed. Another feature of the new Quarterly Labor Force Survey is that 'discouraged' workers are now classified as not economically active - in other words, out of the labor force, while in the past they were classified as unemployed. If the 1.07 million discouraged workers (as now more narrowly defined) are added to the ranks of the unemployed, the number of unemployed rises from 4.12 million to 5.19 million and the rate of unemployment rises from 23.2% to 27.6%.

Source: South African Institute of Race Relations Labor Bulletin November 2008

Immigration to Australia and its impact on Skills Shortages

¶14. The Australian High Commission detailed that on average 4,500 South Africans immigrate to Australia each year (another 3,000 enter on other programs and then legally convert to immigrant status). This year's numbers stand to be higher. The High Commission found that most South Africans moving to Australia were skilled and fell between the ages of 26 to 45. Immigrants to Australia cited affirmative action and crime as the primary reasons for departure. The High Commission noted that Australia does not actively promote its immigration policies in South Africa because of the ongoing South African skills shortage.

Source: Australian High Commission meeting with U.S. Consulate in Johannesburg staff

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